

## PART V CDBG AND HOME PROGRAM PERFORMANCE

### A CDBG Program Performance

This part of the CAPER discusses DHCD's use of Community Development Block Grant (CDBG) funds, as required by 24 CFR<sup>25</sup> 91.520(c).

*Use of CDBG to meet the District's priority needs:* According to the District's five-year strategic plan, there are six priority needs. They include:

1. Affordable housing
2. Homelessness
3. Barriers to affordable housing
4. Lead based paint hazards
5. Anti-poverty strategy
6. Fair housing

CDBG is ideally suited to address needs 1, 3, and 5. Homelessness, need 2, is addressed directly through the Emergency Shelter Grant; lead based paint hazards, need 4, is being addressed by the D.C. Department of Health and, indirectly, through revisions to DHCD's programs (see Part IVB.4 above); and fair housing, need 6, is addressed through the Fair Housing Initiative Program grant and indirectly through Department activities (see Part IVB.1 above).

As noted above in Table 8 and Table 9, DHCD spent \$29.5 million of CDBG funds in FY 2002 for the acquisition, disposition, and production of over 1,600 affordable housing units. The increase in supply is a key step in reducing the barriers to affordable housing, along with efforts to promote fair housing which are described above. Details on the CDBG-funded rehabilitation portion of this investment are shown in the sidebar to the right. Moreover, this assistance helped create 2,810 temporary and permanent jobs, thereby increasing individual incomes. DHCD's provision of \$5.6 million to community development corporations has enabled them to provide job training to 205 individuals and technical assistance to 916 small businesses. All of these accomplishments promote the District's *anti-poverty strategy* by increasing economic opportunities in underserved neighborhoods.

#### Summary: CDBG-Funded Rehabilitation

22 single family units:

|                 |         |
|-----------------|---------|
| CDBG funds: \$  | 598,781 |
| Other funds: \$ | 188,435 |

1,005 multi-family units:

|                 |            |
|-----------------|------------|
| CDBG funds: \$  | 13,315,337 |
| Other funds: \$ | 49,205,560 |

Total CDBG delivery costs (personnel and non-personnel services): \$1,091,353

*Completion of planned actions:* DHCD has pursued all of the resources in its Consolidated Plan, which primarily are leveraged dollars for the CDBG and HOME programs. (See discussion on page 18). DHCD also has provided local funds to augment its budget in pursuit of housing and community development goals: its local and other public funds budget was \$14.8 million in FY 2002. The Housing Production Trust Fund will supply another \$20 million in FY 2003.

<sup>25</sup> Code of Federal Regulations.

DHCD uses its compliance checklist, which is jointly completed by the project manager and the Office of Program Monitoring, to ensure that proposals address national CDBG objectives and local Consolidated Plan goals, and that applicants meet CDBG eligibility requirements.

*Income beneficiaries:* Eighty percent of the District's CDBG funds have been used to provide benefits directly to low- and moderate-income persons. Funded projects include either housing for income-eligible households or commercial and community facilities and infrastructure projects in census tracts that are CDBG-eligible. As reported through IDIS:

- 1,245 households and persons benefiting from CDBG expenditures were extremely low-income (which for CDBG is defined as below 30% of the area median)
- 13,953 households and persons benefiting from CDBG expenditures were low-income (which for CDBG is defined as below 50% of the area median)
- 39,217 households and persons benefiting from CDBG expenditures were low-moderate-income (which for CDBG is defined as below 80% of the area median)

No households and persons directly benefiting from CDBG expenditures had higher incomes.

As noted above, DHCD had anticipated awarding certain CDBG projects in FY 2002. DHCD's accomplishment of these projects is shown in Table 15. The full list of CDBG-funded projects is shown in Appendix A.

**Table 15: CDBG Proposed and Actual Project Awards, FY 2002**

| Proposed Project                               | Proposed Amount | Actual Amount<br>FY 2002 |
|--|-----------------|--------------------------|
| Syphax School (Homeownership)                  | \$ 822,000      | \$ 175,000 <sup>26</sup> |
| Fort Dupont WIN (Homeownership)                | 250,000         | 4,255,000                |
| Deanwood Library                               | 3,300,000       | 0 <sup>27</sup>          |
| Arthur Fleming Center                          | 180,000         | 0 <sup>28</sup>          |
| ARC Community Facility                         | 2,500,000       | 1,002,085 <sup>29</sup>  |
| Food and Friends Community Facility            | 1,500,000       | 990,000                  |
| Lead Based Paint Abatement Program             | 500,000         | 0 <sup>27</sup>          |
| Training/Education OIC Youth Training Program  | 200,000         | 180,000                  |
| Renovation and Expansion of Recreation Centers | 1,000,000       | 0 <sup>27</sup>          |
| Policing/Education Initiative                  | 1,500,000       | 0 <sup>27</sup>          |
| Minnesota/Benning Commercial Revitalization    | 300,000         | 500,000                  |
| H Street Corridor Commercial Revitalization    | 200,000         | 400,000                  |

*Relocation:* In FY 2002, only one project threatened to cause displacement. The developer avoided displacing the tenants by providing subsidies to them so they could remain in place for 42 months (the time period required by the Uniform Relocation Act (URA)).

<sup>26</sup> \$985,000 awarded in FY 2001.

<sup>27</sup> Project canceled; funds awarded to construction projects.

<sup>28</sup> \$300,000 awarded in FY 2001.

<sup>29</sup> \$3,000,000 awarded in FY 2001.

DHCD does not currently have a relocation officer attached to its Development Finance Division; instead, each program officer keeps track of any relocation required for a project. Project Managers develop plans to minimize displacement, and a number of DFD project managers have received training in the URA. Development Finance also has convened a team to oversee project compliance, including URA compliance, and to update the Division's operating protocols to ensure that all specialized monitoring disciplines are being addressed.

Any required relocation generated by DHCD's single family rehabilitation projects is incorporated into each project work plan, and associated costs are factored into the budget.

*Program changes:* While DHCD has used CDBG successfully to carry out its programs, DHCD nonetheless has recognized the need to make certain changes. Changes related to CDBG-funded programs and activities include:

- DHCD has begun to strengthen the monitoring protocols for its Development Finance Division programs and for the Neighborhood Development Assistance Program.
- DHCD is reducing the backlog of applications in the Single Family Residential Rehabilitation Program by streamlining the processing requirements.
- DHCD will consider increasing the subsidy provided with its Home Purchase Assistance Program, which in some years does receive CDBG funds, to match the increase in housing prices.

Nonetheless, DHCD's programs all have been designed to meet the HUD national objectives of benefiting low- and moderate-income persons, and elimination of slums and blight (through, for example, acquisition, disposition and rehabilitation). DHCD also will use CDBG funds to meet community development needs having a particular urgency, however, none of the activities funded this year were in response to immediate threats to health and safety.

## **B. HOME Program Performance**

This part of the CAPER discusses DHCD's use of HOME Investment Partnerships Program funds, as required by 24 CFR 91.520(d).

*Distribution of Funds:* DHCD committed HOME funds (from various fiscal years) in FY 2002 as follows:

**Table 16: HOME Fund Investments, FY 2002**

| Investment  | Project Type                        | Units | HOME Funds      |
|---|-------------------------------------|-------|-----------------|
| Walter Washington Apartments, 800 Southern Avenue, S.E. | Multifamily New Construction        | 45    | \$ 950,000.00   |
| 1327 Kenyon Street, N.W. Cooperative                    | Multifamily Home Purchase and Rehab | 12    | \$ 420,000.00   |
| Various (HPAP and D.C. HFA subsidy)                     | Single Family Home Purchase         | 109   | \$ 3,167,451.96 |
| Various (D.C. HFA subsidy)                              | Single Family Home Purchase / Rehab | 3     | \$ 102,246.00   |

| Investment   | Project Type                           | Units | HOME Funds      |
|--|--|-------|-----------------|
| Safe Haven Outreach Ministries, Inc.,<br>Various S.E. addresses                  | Multifamily<br>Acquisition/Rehab       | 48    | \$ 2,130,000.00 |
| 1611 Park Road, N.W.   | Multifamily Home<br>Purchase and Rehab | 40    | \$ 2,000,000.00 |
| Transitional Housing Corporation (Partner<br>Arms II), 4506 Georgia Avenue, N.W. | Multifamily<br>Acquisition/Rehab       | 13    | \$ 465,000.00   |
| Bethany, Inc. (Good Hope House)<br>1716 V Street, S.E.                           | Multifamily Rehabilitation             | 8     | \$ 300,000.00   |
| <b>TOTAL</b>   |  | 278   | \$ 9,534,697.96 |

Both the Safe Haven and the 1611 Park Road projects were proposed in DHCD's FY 2002 Consolidated Plan Action Plan. Partner Arms II and Good Hope House are transitional housing projects and Walter Washington Estates is elderly housing. The other projects are homeownership and multifamily rehabilitation.

The projects cited above utilized HOME program funds for property acquisition, new housing construction, and housing rehabilitation activities, to support both homeownership and rental housing development. All HOME-funded units (see Table 16) meet the Section 215 requirement for affordability.

DHCD committed the following funding specifically to Community Housing Development Organizations (CHDOs):

- MANNA, Inc., University Place - \$100,000
- MANNA, Inc., 2922 Sherman Avenue, N.W. - \$700,000

*Program Income:* HOME program income (\$400,000) was recycled through the Construction Assistance Program of the Development Finance Division.

*Match Requirement:* Unlike in FY 2001, the District was subject to half of the matching fund requirement for the HOME Program in FY 2002. The matching fund requirement totaled \$1.4 million. DHCD provided this match by budgeting \$1.0 million of local funds in the Home Purchase Assistance Program and \$400,000 in the Multifamily Housing Rehabilitation Program. Refer to the HOME Match Report, Appendix D.

*HOME Monitoring:* DHCD does not have current results of on-site inspection of HOME rental units. DHCD has revised its HOME monitoring procedures with regards to unit inspections and subrecipient monitoring. DHCD received technical assistance from HUD's Office of Community Planning and Development, and will institute its new procedures in FY 2003.

*Affirmative Marketing Actions:* The DHCD has ensured affirmative marketing actions of all HOME funded housing activities containing five units or more, in accordance with 24 CFR 92.351. Following is the city's method for ensuring regulatory compliance:

1. Application packages for HOME program funded activities contain information for owners, the general public and tenants that specifically explain fair housing requirements. Owners are informed that they must make good faith efforts to provide

information and otherwise attract eligible persons from all racial, ethnic, and gender groups in the District to occupy the available housing units. The Equal Housing Opportunity slogan is used in press releases and on information soliciting owner participation.

DHCD requires owners of HOME-assisted activities to adhere to the following practices in order to carry out the District's affirmative marketing procedures:

- Use the Equal Housing Opportunity logo/slogan or statement in any advertising or solicitation for tenants.
  - Display fair housing posters wherever applicants are accepted.
  - Inform and solicit applications for vacant units for persons in the housing market who are most likely to apply for rehabilitated housing without special outreach.
  - Inform community agencies of the availability of units in order to reach the Hispanic community.
  - Accept referrals from the D.C. Housing Authority.
  - Use information supplied regarding apartment buildings occupied by community organizations and churches whose members are non-minority and are located in the various neighborhoods in which the program operates.
2. Through the HOME funding agreement, requirements and practices to which each owner must adhere in carrying out the HOME affirmative marketing procedures and requirements are delineated. DHCD provides internal support to the owners through its network of community organizations, churches, employment centers, fair housing groups and housing counseling agencies. In addition, commercial media, community contacts, equal opportunity logo and slogan and the display of the fair housing poster are used in requiring each owner to adhere to affirmative marketing procedures.
  3. DHCD maintains a record of the frequency and type of information sent to community organizations with which it maintains contact. A record of the applicants responding and actual tenants accepted as a result of DHCD's outreach efforts is maintained for monitoring and assessment purposes. The District will meet the racial, ethnic and gender characteristic record keeping requirements as contained in Section 92.351 concerning tenancy before and after rehabilitation, and relocation data for displaced households.
  4. DHCD will assess the affirmative marketing effort of owners by means of an agreement with the owner that shall be applicable for a period of 15 years (or other appropriate time period as determined by HUD requirements) beginning on the date on which all units in the project are completed. The assessment will be in the form of a determination of whether or not the owner has followed the criteria established for affirmative marketing efforts.

In implementation of the affirmative marketing requirements, the District complies with the laws and authorities referenced in 24 CFR 92.350 to assure nondiscrimination and equal opportunity in the use of its HOME funds.

Further, the District complies with the requirements of the Fair Housing Act, 42 U.S.C. 3601-20, and implementing regulations at 24 CFR 100, Executive Order 11063, as amended by Executive Order 12259 (Equal Opportunity in Housing) and implementing regulations at 24 CFR 107; Title VI of the Civil Rights Acts of 1964, 42 U.S.C. 200d and implementing regulations at 24 CFR 1; the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975; 42 U.S.C. 6101-07 and implementing regulations at 24 CFR 146; and the prohibition against discrimination on the basis of handicap under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8; which provide that no person in the United States shall on the grounds of race, color, national origin, age or handicap be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant received Federal financial assistance and will take the measures necessary of effectuate this assurance. This assurance shall obligate the property owner, or in the case of any transfer of such property, and transferee, for the period during which the real property or structure is used for the purpose for which the HOME grant funds were expended.

DHCD complies with Executive Order 11246 and the implementing regulations at 41 CFR Chapter 60, which provide that, *"no persons shall be discriminated against on the basis of race, color, religion, sex or national origin in all phases of employment during the performance of Federal or federally-assisted construction contract"*; and with the requirements of Section 3 of the Housing and Urban Development Act of 1968; 12 U.S.C. 1701 u (Employment Opportunities for Businesses and Lower Income Persons in Connection with Assisted Projects).

The District ensures that property owners certify that contractors and subcontractors will take affirmative action to ensure fair treatment in employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training and apprenticeship; and to the greatest extent possible, will assure that opportunities for training, employment and contracts in connection with HOME assisted projects be given to lower-income residents and businesses in the project area.

The District affirmatively furthers fair housing in its HOME Program in accordance with the certification made with its Consolidated Plan pursuant to the actions described at 24 CFR 91.225.

*Minority Participation in the HOME Program:* The application materials for HOME Program funding (and all DFD funding) include Affirmative Action Plan requirements. The Affirmative Action Plan requirements establish goals for Local Small, Disadvantaged Business Enterprise participation in construction jobs provided and for the contractors and subcontractors hired for projects.